EDISON

Impact Healthcare REIT

H124 update

Visible growth

Real estate

Impact Healthcare REIT continued to generate consistently positive accounting returns in the six months to June 2024 (5.5%), comprising fully covered DPS growth and increased NAV per share. With a clear path to income growth, including a growing contribution from asset management, interest rate protection and a low cost ratio, we expect this to continue.

Year end	Net rental income (£m)	EPRA earnings* (£m)	EPRA EPS (p)	EPRA NTA/ share (p)	DPS (p)	P/NAV (x)**	Yield (%)**
12/23	53.1	34.5	8.3	115.0	6.77	0.77	7.6
12/24e	54.6	35.7	8.6	119.9	6.95	0.74	7.8
12/25e	58.0	39.2	9.4	123.9	7.20	0.72	8.1
12/26e	60.8	41.2	10.0	127.9	7.50	0.69	8.5

Note: *EPRA earnings exclude fair value movements on properties and interest rate derivatives. **P/NAV and yield are based on the current share price.

Underlying momentum maintained

H124 DPS was 2.7% ahead of the prior year period, in line with the full year target of 6.95p and 1.06x covered by adjusted 'cash' earnings. On an EPRA basis, cover was 1.22x. Flat adjusted earnings versus H123 (£15.3m) belie the underlying momentum of the business and, with the negative impact of the turnaround assets and higher average interest rates having worked through, H124 adjusted earnings were ahead of H223 (£14.9m). Our forecasts for FY24–26 (little changed) show cash rental growth, including indexed reviews, and an increasing contribution from asset management and from the turnaround assets, more than offsetting the impact of future refinancing. Over this same period, we forecast average adjusted earnings and DPS growth of c 3% pa and NAV per share growth of c 2% pa, reflected in average annual total returns of more than 9%.

Operates in a supported market

Impact operates in a structurally supported market, where care demand is driven by the demographics of a growing elderly population rather than the economy. It addresses this market broadly, acquiring homes at low capital values, generally well below replacement value, which can be let at affordable rents while still generating an attractive yield. Asset management, investing alongside tenants to enhance the quality of the assets, provides additional opportunities to increase rents and create value. On these projects, Impact targets a cash yield of at least 8%, with additional potential for capital gain. Leases are long term (average WAULT of c 20 years) and inflation indexed, while caps at c 4% manage the risks for landlord and tenant alike. With affordable rents, Impact's carefully selected tenants have a strong track record of profitably providing good-quality care, reflected in consistently strong rent cover and rent collection. DPS has increased each year since listing in 2017, driving consistently positive accounting returns, averaging 6.9% per year.

Valuation: Income-driven, long-term returns

The FY24 DPS target represents an attractive yield of c 8%, which we expect to again be fully covered by adjusted 'cash' earnings. Meanwhile, the shares trade at a c 25% discount to H124 NAV per share.

3 September 2024

Price	**88.6p**
Market cap	**£367m**
Gross debt at 30 June 2024	£180.2m
Gross LTV at 30 June 2024	28.3%
Shares in issue	414.4m
Free float	90%
Code	IHR
Primary exchange	LSE
Secondary exchange	N/A

Share price performance

%	1m	3m	12m
Abs	1.5	0.1	(3.3)
Rel (local)	(0.6)	(1.0)	(13.8)
52-week high/low		90.0p	78.9p

Business description

Impact Healthcare REIT, trading on the Main Market of the London Stock Exchange, invests in a diversified portfolio of UK healthcare assets, primarily residential and nursing care homes, let on long leases to high-quality operators. It aims to provide shareholders with attractive and sustainable returns, primarily in the form of dividends, underpinned by structural growth in demand for care.

Next events

Q324 trading update	Expected October 2024

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Operational and financial progress as expected in H124

Impact's operational and financial performance continues to be in line with the trends that we discussed in detail in our June outlook note and there is little change to our forecasts, discussed below. Indexed rents are driving earnings growth and, with property valuation yields stabilising, NAV growth. Tenant performance remains strong, benefiting from strong fee growth, improved occupancy and moderating staff pressures. This is reflected in strong rent collection and high levels of rent cover.

Exhibit 1: Portfolio summary

	H124 pro forma	H124	End FY23	End FY22
Properties	135	140	140	135
o/w care/nursing homes	133	138	138	133
Care home beds	7,473	7,721	7,721	7,336
Number of care home tenants	14	14	13	13
Total number of tenants including NHS	15	15	14	14
Annualised contracted rent (£m)		51.1	48.8	43.1
Annualised passing rent (£m)		47.6	45.6	38.9
WAULT* (years)		20.5	20.8	19.7
Portfolio valuation (£m)		670.1	651.3	568.8
EPRA net initial yield (NIY)			6.69%	6.98%
EPRA topped-up net initial yield (NIY)		6.98%	6.92%	6.98%

Source: Impact Healthcare REIT. Note: *Weighted average unexpired lease term.

The interim results are covered in detail at the end of this report, but we highlight:

- **Annualised contracted rent increased by £2.3m or 4.7%** to £51.1m, including c £1.3m from rent reviews and c £1.0m from asset management projects agreed and contracted in the period. Rent reviews covering 102 homes (approximately two-thirds of the total) were completed in the period, at an average 3.8% increase.
- **Tenant performance and rent collection remains strong.** At c 2.2x for Q224, rent cover[1] is at the highest level since Impact listed and 100% of rents due are being collected. Resident occupancy within the homes[2] has recovered to pre-COVID levels and was 88.9% at end-H124, compared with 88.2% at the start of the year. Further supporting tenant performance and rent cover, underlying weekly fee growth of 8% in the 12 months to June 2024 was ahead of Consumer Prices Index inflation (4.1%). Despite the 10% increase in the minimum wage, which came into effect on 1 April 2024, staff costs as a percentage of revenues have fallen as the dependence on expensive agency staff has reduced.
- **Progress with the turnaround assets**. The only problem tenant since listing remains Silverline, where operation of the seven homes that it operated was swiftly passed to Melrose Holdings (MHL), with a track record of successful turnaround. Under the intermediate stewardship of MHL, the performance of the homes has improved and this has already enabled the transfer of three homes located in Bradford to a new long-term tenant, We Care Group. For the four Scottish homes that remain under the operation of MHL, negotiations for the transfer to a new long-term operator are advancing. For the We Care Group assets, Impact expects cash rent payments to resume in the first quarter of 2025.
- **Property valuation growth.** With yields stabilising, rental uplifts and asset management initiatives are generating property revaluation gains and NAV growth. The EPRA topped-up net initial yield has remained broadly stable since end FY22. It was 6.98% at end H124 and rental

1 Impact uses rent cover as a key metric in monitoring and assessing the ability of individual homes and operators to support the rents that it expects from its portfolio sustainably. The ratio tracks home-level earnings before interest, tax, depreciation, amortisation, rent and group management overheads (EBITDARM), or operational cash earnings divided by rents over the same period. It excludes 'turnaround' and 'immature' homes. Immature homes are defined as homes that are newly opened or are undergoing major capital improvement requiring partial closure.

2 Excluding the turnaround homes.

growth drove a 2.9% valuation increase. While dividends paid have generated more than 70% of the 63% total accounting return since listing in 2017, NAV growth has been consistently positive in every quarter with the exception of Q422. In H222 and since, as the commercial property market has adjusted to higher interest rates, care home valuations have been significantly more robust, reflecting strong sector fundamentals and non-cyclical, long-term, inflation-protected income.

- **Non-core asset sales.** As we reported in July, Impact has exchanged contracts for the sale of five non-core homes for a combined £8.8m, in line with book value. The sale is consistent with Impact's active asset management approach, enhances the quality and long-term sustainability of its overall portfolio, reduces tenant concentration and provides the opportunity to recycle capital. The sale proceeds will be available for reinvestment in the portfolio, including identified asset management projects (discussed in more detail below), for which Impact targets a return of at least 8%, while reducing the need for higher-cost (currently more than 7%), unhedged, floating rate debt. While non-core assets represent a small part of Impact's portfolio,[3] the company notes that further capital recycling is likely.
- **Secure debt facilities in place**. Drawn debt was £190m at end-H124, out of committed facilities of £250m, with 92% of the costs fixed or hedged, at an average 4.6%. There is no debt maturity until 2026 (a £75m revolving credit facility), although a £50m interest rate cap (at 4%) expires in January 2025, for which Impact is reviewing options. With interest rates forecast to fall further, we do not expect any significant impact on earnings. Including undrawn debt, available cash and capital commitments, Impact had available resources of c £50m at end H124.
- **New government policies**. Reducing NHS waiting lists is a key political objective for the new government within a broader ambition of enhancements to healthcare and welfare reform. The care sector has a key role to play in helping to free up hospital beds. It is widely estimated that on any day, upwards of 13,000 hospital beds, approximately one out of every seven general and acute beds, are occupied by patients awaiting discharge to suitable ongoing care. Many of these will be elderly patients requiring ongoing in-home or residential care. The King's Fund estimates a cost of almost £400 per night for each unnecessary hospital stay, which may be compared with average weekly fees of £1,160 for residential care and £1,410 for nursing care (source: carehome.co.uk). While the government has scrapped long-delayed plans for a cap on care costs, it has pledged to tackle the funding crisis facing local authorities, and said it would provide multi-year funding settlements, boost the supply of social housing and forge 'a long-term, cross-party agreement' on social care.

Asset management is an important growth driver

Impact considers asset management to be one of the most attractive strategies available to it for deploying capital. With a targeted yield on investment of at least 8%, it enhances returns beyond a pure 'buy and hold' strategy, while improving the quality of the portfolio to the benefit of all stakeholders. The total spend since listing has been well over £30m and has begun to accelerate, making an increasing contribution to rental growth as inflation and indexed rent uplifts begin to wane, and enhancing the quality of the portfolio. During H124, Impact approved new asset management projects with a combined investment value of £11.6m and invested £5.4m. It continues to have a further pipeline of 16 projects at various stages, with an aggregate funding value of up to £26.8m over the next two to three years, and continues to work with tenants on additional opportunities.

[3] Impact last disclosed non-core assets in 2022 as 3% of portfolio value and 7% of homes.

Our forecasts assume aggregate new commitments of £30m by the end of 2026 at a yield of 8%, the minimum that Impact targets, although not all of this will be completed and contributing to cash rental income until beyond the forecast period. At end H124, we estimate that projects that had been committed to but not completed accounted for c £1.1m of contracted rent, representing a future uplift to cash passing rent, the basis for dividend payments. Impact has also committed to the forward funding of a new home in Norwich ('Oasis') at a cost of c £8m, but construction has not yet commenced and we forecast no contribution to rents until beyond 2026.

During FY24–26, we forecast that newly committed asset management projects will add £3.5m to annualised contracted rent and rent reviews £5.1m. As rent reviews slow with moderating inflation,[4] we expect asset management projects to contribute around half of the FY26 rental growth.

Passing rent will also benefit from the resumption of rental income on the former Silverline assets.

Exhibit 2: Components of rental growth

£m	H124	H224e	FY24e	FY25e	FY26e
Opening contracted rents	**48.8**	**51.1**	**48.8**	**51.1**	**53.3**
Rent reviews	1.3	0.4	1.7	1.3	1.1
New asset management commitments	1.0	0.5	1.5	1.0	1.0
Disposals		(0.9)	(0.9)	0.0	0.0
Closing contracted rent	**51.1**	**51.1**	**51.1**	**53.3**	**55.4**
Rent reviews as % opening contracted rent			**3.5%**	**2.5%**	**2.0%**
Growth in contracted rent			**0.0%**	**4.4%**	**3.8%**
Adjustments to passing rent:					
Development	(0.8)	(0.8)	(0.8)	(0.8)	(0.8)
Asset management projects yet to complete	(1.1)	(1.1)	(1.1)	(1.1)	(1.1)
Former Silverline assets in turnaround	(1.6)	(1.6)	(1.6)	0.0	0.0
Passing rents	**47.6**	**47.6**	**47.6**	**51.5**	**53.5**
Change in passing rent			**0.0%**	**8.0%**	**3.9%**
Cash rental income as per income statement			47.0	49.8	52.5
Change in cash rental income			1.8%	5.9%	5.4%

Source: Impact Healthcare REIT H124 data, Edison Investment Research forecasts

Little change to forecasts

Our net rental income forecasts are reduced to reflect the sale of non-core assets, partly offset by interest cost savings. We have also pushed back our expectations for the completion of the Oasis development.

Exhibit 3: No material changes to forecasts

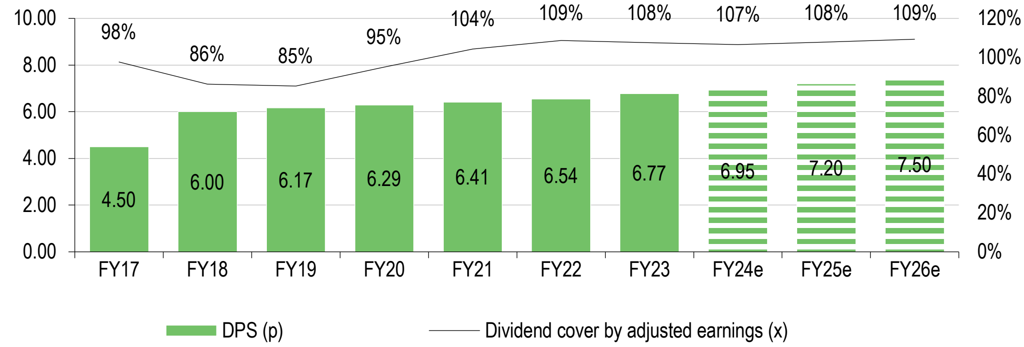
	Current forecast			Previous forecast			Forecast change		
£m unless stated otherwise	**FY24e**	**FY25e**	**FY26e**	**FY24e**	**FY25e**	**FY26e**	**FY24e**	**FY25e**	**FY26e**
Cash net rental income	47.0	49.8	52.5	47.1	50.7	53.2	(0.0)	(0.9)	(0.7)
Net finance costs	(8.9)	(10.0)	(10.5)	(9.3)	(10.6)	(10.7)	0.4	0.6	0.2
Administrative costs	(7.5)	(7.7)	(8.0)	(7.5)	(7.8)	(8.1)	(0.0)	0.0	0.0
Adjusted earnings	**30.7**	**32.1**	**34.0**	**30.3**	**32.3**	**34.4**	**0.4**	**(0.3)**	**(0.5)**
IFRS adjustments	7.6	8.2	8.2	7.8	8.2	8.1	(0.2)	0.0	0.1
Loan fee amortisation	(1.0)	(1.0)	(1.0)	(1.3)	(1.3)	(1.3)	0.4	0.4	0.4
Interest received on rate cap	(1.6)	(0.2)	0.0	(1.5)	(0.3)	0.0	(0.1)	0.1	0.0
EPRA earnings	35.7	39.2	41.2	35.3	38.9	41.2	0.4	0.2	(0.0)
EPRA EPS (p)	8.6	9.4	10.0	8.5	9.4	10.0	0.1	0.1	(0.0)
Adjusted EPS (p)	**7.4**	**7.7**	**8.2**	**7.3**	**7.8**	**8.3**	**0.1**	**(0.1)**	**(0.1)**
DPS declared (p)	**6.95**	**7.20**	**7.50**	**6.95**	**7.20**	**7.50**	**0.0**	**0.0**	**0.0**
EPRA DPS cover	124%	131%	133%	123%	130%	133%			
Adjusted DPS cover	**107%**	**108%**	**109%**	**105%**	**108%**	**111%**			
EPRA NTA per share (NAV)	119.9	123.9	127.9	119.6	124.0	127.4	0.3	(0.1)	0.6
EPRA NTA total return	10.0%	9.2%	9.3%	9.7%	9.6%	8.7%			

Source: Edison Investment Research

4 All of Impact's leases are linked to inflation, nearly all to the Retail Price Index and most with caps and collars of between 2% and 4%.

There is no change to our forecast dividend growth and strong cash cover.

Exhibit 4: DPS history and Edison forecasts

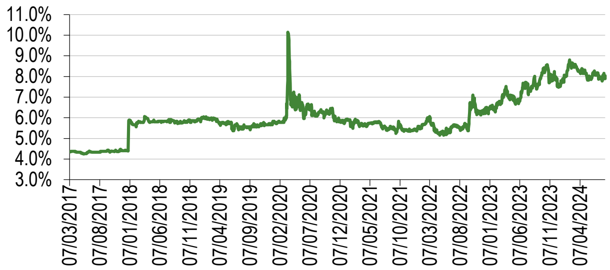


Source: Impact Healthcare REIT historical data, Edison Investment Research forecasts

Valuation: High yield and discount to NAV persist

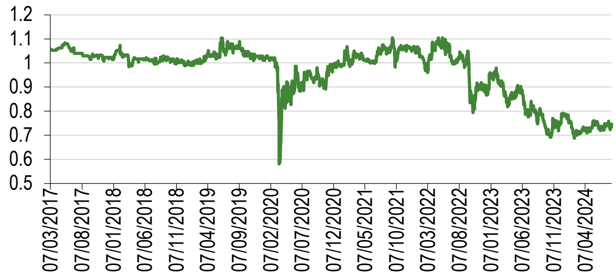
For FY24, Impact is targeting a DPS of 6.95p (+2.7%), fully covered by adjusted 'cash' earnings. This represents an attractive yield of c 8%. Meanwhile, the shares trade at a c 25% discount to H124 EPRA NTA (NAV) per share of 118p. Given the prospects for continuing growth in fully covered dividends, the likelihood of further interest rate declines and the potential for capital gains, this appears a very undemanding valuation.

Exhibit 5: Dividend yield since listing



Source: Company DPS data, LSEG Data & Analytics prices

Exhibit 6: P/NAV since listing (x)



Source: Company NAV data, LSEG Data & Analytics prices

Exhibit 7 shows a summary of the performance and valuation of a group of real estate investment trusts (REITs) that we consider to be Impact's closest peers within the broad and diverse commercial property sector. The group is invested in the primary healthcare, supported housing and care home sectors, all targeting stable, long-term income growth derived from long lease exposures. For consistency, NAV and DPS data are presented on a trailing basis and do not fully reflect DPS targets.

Exhibit 7: Peer group comparison

	WAULT* (years)	Price (p)	Market cap (£m)	P/NTA** (x)	Yield*** (%)	Share price performance			
						One month	Three months	One year	Three years
Assura	11	42	1347	0.81	7.9	-2%	-2%	-8%	-47%
Primary Health Properties	11	97	1294	0.90	7.0	4%	2%	4%	-42%
Target Healthcare****	26	82	509	0.75	6.9	2%	2%	11%	-31%
Triple Point Social Housing	25	64	251	0.56	8.6	7%	12%	11%	-39%
Average	**18**			**0.75**	**7.6**	**3%**	**3%**	**4%**	**-40%**
Impact Healthcare	**20**	**89**	**367**	**0.77**	**7.7**	**1%**	**0%**	**-3%**	**-23%**
UK property index		1,361				-1%	-2%	13%	-31%
UK All-Share Index		4,567				2%	1%	12%	11%

Source: Historical company data, LSEG Data & Analytics. Note: *Weighted average unexpired lease term. **Based on last published EPRA NTA/NAV per share. ***Based on trailing 12-month DPS declared (except for Target). ****Based on the H223 target yield, annualised. LSEG Data & Analytics price data at 2 September 2024.

Impact's shares have substantially outperformed over three years but have given up some relative performance over one year. The shares trade at a small yield premium to peers, with a similar P/NAV, although Triple Point's rating reduces the peer average P/NAV and increases the peer average yield.

Interim results in detail

In the following table we provide details of the interim financial performance and a reconciliation from adjusted 'cash' earnings to both EPRA earnings and statutory IFRS earnings.

Exhibit 8: Summary of H124 financial performance

£m unless stated otherwise	H124	H123		H223	FY23
Cash rental income plus loan interest, net of credit loss.	23.2	23.1	0%	22.8	46.0
Administrative expenses	(3.6)	(3.7)	-3%	(3.5)	(7.1)
Net finance expense	(4.3)	(4.1)	4%	(4.5)	(8.7)
Profit/(loss) on disposal	0.0	(0.0)		0.0	(0.0)
Adjusted earnings	**15.3**	**15.3**	**0%**	**14.9**	**30.2**
IFRS adjustments	3.6	3.3		3.9	7.1
Interest received on rate cap	(0.9)	(0.6)		(0.8)	(1.4)
Amortisation of loan arrangement fees	(0.5)	(0.8)		(0.7)	(1.4)
Profit/(loss) on disposal	0.0	0.0		0.0	0.0
EPRA earnings	**17.6**	**17.2**	**2%**	**17.3**	**34.5**
Unrealised change in fair value of investment properties	8.3	9.3		5.4	14.8
Change in fair value of interest rate derivatives	0.5	1.1		(1.5)	(0.5)
Profit/(loss) on disposal	0.0	(0.0)		0.0	(0.0)
IFRS earnings	**26.3**	**27.6**		**21.2**	**48.8**
EPRA EPS (p)	**4.2**	**4.1**		**4.2**	**8.3**
Adjusted EPS (p)	**3.7**	**3.7**	**0%**	**3.6**	**7.3**
DPS (p)	**3.5**	**3.4**	**3%**	**3.4**	**6.77**
EPRA dividend cover	**1.22**	**1.23**		**1.24**	**1.23**
Adjusted 'cash' dividend cover	**1.06**	**1.09**		**1.06**	**1.08**
EPRA NTA per share (p)	118.0	113.1	4%	115.0	115.0
NAV total return*	5.5%	6.2%		4.5%	10.8%

Source: Impact Healthcare REIT data, Edison Investment Research. Note: *IFRS basis.

Focusing on the adjusted earnings results, we note:

- Cash rental income, plus loan interest and excluding the FY23 credit loss allowance of £23.2m, was slightly up on H123 and more so versus H223. H123 included a £0.4m bad debt write-off in respect of the problems encountered by Silverline. Including the release of tenant rent deposits, these assets nonetheless contributed a net £0.4m to H123 rental income but nothing in H223 or H124.
- Expenses have continued to be held broadly flat. Including loan investment interest in income (as we do), the adjusted EPRA cost ratio has continued to decrease, reaching 13.3% in H124 compared with 14.0% a year earlier. It is among the lowest cost ratios across the UK REIT sector.

- Net finance expense increased to £4.3m compared with £4.1m in H123, but fell compared with H223, including an increased contribution from the working capital loan to MHL.
- Adjusted earnings of £15.3m or EPS of 3.7p were at a similar level to H123 and increased versus H223.
- Aggregate DPS of 3.48p was 2.7% up on H123, in line with the full year target of 6.95p, 106% covered.
- EPRA earnings of £17.6m (H123: £17.2m; H223: £17.3m) includes non-cash IFRS rent smoothing adjustments and amortisation of loan arrangement fees, but excludes the interest earned on Impact's interest rate swap arrangements. On an EPRA basis, DPS cover was 122%.
- IFRS earnings of £26.3m capture fair value changes in investment properties (a gain of £8.3m) and financial derivatives (a gain of £0.5m). EPRA net tangible assets per share increased by 4.3% to 118.0p. Including DPS paid, the six-month NAV/accounting total return was 5.5% (11.3% annualised).

Exhibit 9: Financial summary

Year to 31 December (£m)	2021	2022	2023	2024e	2025e	2026e
Cash rental income	30.5	39.1	46.2	47.0	49.8	52.5
IFRS adjustments for guaranteed uplifts and lease incentives	5.9	6.4	7.1	7.6	8.2	8.2
Gross rental income	**36.5**	**45.4**	**53.4**	**54.6**	**58.0**	**60.8**
Net other income/(expense)	0.0	0.0	0.0	0.0	0.0	0.0
Bad debt charge	0.0	0.0	(0.2)	0.0	0.0	0.0
Net rental income	**36.5**	**45.4**	**53.1**	**54.6**	**58.0**	**60.8**
Administrative & other expenses	(5.8)	(7.0)	(7.1)	(7.5)	(7.7)	(8.0)
Realised gain on disposal	0.3	0.1	(0.0)	0.0	0.0	0.0
Operating profit before change in fair value of investment properties	31.0	38.6	46.0	47.2	50.3	52.7
Unrealised change in fair value of investment properties	4.2	(16.3)	14.8	11.8	6.8	6.3
Net finance cost	(3.3)	(5.4)	(11.9)	(11.2)	(11.3)	(11.5)
Profit before taxation	**32.0**	**16.9**	**48.8**	**47.8**	**45.7**	**47.5**
Tax	0.0	0.0	0.0	0.0	0.0	0.0
Profit for the year (IFRS)	**32.0**	**16.9**	**48.8**	**47.8**	**45.7**	**47.5**
Adjust for:						
Realised and unrealised gain/(loss) on investment properties	(4.5)	16.1	(14.8)	(11.8)	(6.8)	(6.3)
Change in fair value of interest rate derivatives	(0.1)	(0.4)	0.5	(0.3)	0.2	0.0
EPRA earnings	**27.4**	**32.6**	**34.5**	**35.7**	**39.2**	**41.2**
Rental income arising from recognising rental premiums & fixed rent uplifts	(6.0)	(6.5)	(7.3)	(7.7)	(8.2)	(8.2)
Amortisation of loan arrangement fees	1.0	1.2	1.4	1.0	1.0	1.0
Interest received on rate cap	0.0	0.1	1.4	1.6	0.2	0.0
Other adjustments	0.4	0.3	0.1	0.1	0.0	0.0
Adjusted earnings	**22.7**	**27.7**	**30.2**	**30.7**	**32.1**	**34.0**
Average number of shares in issue (m)	339.8	390.1	414.2	414.4	414.4	414.4
Basic & diluted IFRS EPS (p)	9.41	4.33	11.79	11.53	11.04	11.47
EPRA EPS (p)	**8.05**	**8.37**	**8.33**	**8.62**	**9.45**	**9.95**
Adjusted EPS (p)	**6.68**	**7.11**	**7.28**	**7.40**	**7.74**	**8.20**
Dividend per share (declared) (p)	**6.41**	**6.54**	**6.77**	**6.95**	**7.20**	**7.50**
EPRA earnings dividend cover	**126%**	**128%**	**123%**	**124%**	**131%**	**133%**
Adjusted earnings dividend cover	**104%**	**109%**	**108%**	**107%**	**108%**	**109%**
NAV total return	8.4%	3.8%	10.8%	10.0%	9.2%	9.3%
EPRA cost ratio	15.8%	16.6%	14.4%	13.6%	13.4%	13.2%
BALANCE SHEET						
Investment properties	437.6	504.3	616.0	632.4	656.9	679.5
Other non-current assets	62.0	68.1	41.0	47.0	54.8	63.0
Non-current assets	**499.7**	**572.4**	**657.0**	**679.5**	**711.7**	**742.6**
Cash and equivalents	13.3	22.5	9.4	8.9	4.3	6.4
Other current assets	1.6	1.5	0.9	0.5	0.5	0.5
Current assets	**14.8**	**24.1**	**10.3**	**9.3**	**4.8**	**6.9**
Borrowings	(110.9)	(122.4)	(179.9)	(180.9)	(191.9)	(207.8)
Other non-current liabilities	(2.6)	(4.3)	(2.3)	(2.3)	(2.3)	(2.3)
Non-current liabilities	**(113.5)**	**(126.7)**	**(182.3)**	**(183.2)**	**(194.1)**	**(210.1)**
Borrowings	0.0	(14.8)	0.0	0.0	0.0	0.0
Other current liabilities	(6.7)	(9.1)	(6.9)	(8.3)	(8.9)	(9.2)
Current Liabilities	**(6.7)**	**(23.9)**	**(6.9)**	**(8.3)**	**(8.9)**	**(9.2)**
Net assets	**394.2**	**445.9**	**478.1**	**497.3**	**513.4**	**530.2**
Adjust for derivative financial liability/(asset)	(0.1)	(0.4)	(1.8)	(0.4)	(0.0)	(0.0)
EPRA net tangible assets (NTA)	**394.2**	**445.6**	**476.4**	**496.9**	**513.4**	**530.2**
Period end shares (m)	350.6	404.8	414.4	414.4	414.4	414.4
IFRS NAV per ordinary share	112.4	110.2	115.4	120.0	123.9	127.9
EPRA net tangible assets (NTA) per share	112.4	110.1	115.0	119.9	123.9	127.9
CASH FLOW						
Net cash flow from operating activities	**(13.9)**	**29.5**	**33.4**	**42.7**	**42.6**	**44.8**
Purchase of investment properties (including acquisition costs)	(28.1)	(71.9)	(46.6)	0.0	(3.6)	(4.4)
Capital improvements	(1.1)	(11.2)	(3.4)	(14.3)	(14.0)	(12.0)
Other cash flow from investing activities	1.6	5.4	3.3	8.9	0.0	0.0
Net cash flow from investing activities	**(27.6)**	**(77.7)**	**(46.6)**	**(5.4)**	**(17.6)**	**(16.4)**
Issue of ordinary share capital (net of expenses)	34.6	60.5	(0.0)	0.0	0.0	0.0
(Repayment)/drawdown of loans	38.2	27.7	42.5	0.0	10.0	15.0
Dividends paid	(21.9)	(25.7)	(27.8)	(28.6)	(29.6)	(30.8)
Other cash flow from financing activities	(4.1)	(5.1)	(14.5)	(9.1546)	(10.0)	(10.5)
Net cash flow from financing activities	**46.8**	**57.4**	**0.1**	**(37.8)**	**(29.6)**	**(26.3)**
Net change in cash and equivalents	**5.3**	**9.3**	**(13.1)**	**(0.5)**	**(4.6)**	**2.1**
Opening cash and equivalents	8.0	13.3	22.5	9.4	8.9	4.3
Closing cash and equivalents	**13.3**	**22.5**	**9.4**	**8.9**	**4.3**	**6.4**
Balance sheet debt	(110.9)	(137.2)	(179.9)	(180.9)	(191.9)	(207.8)
Unamortised loan arrangement costs	(3.6)	(5.1)	(4.8)	(3.9)	(2.9)	(1.9)
Net cash/(debt)	**(101.3)**	**(119.7)**	**(175.4)**	**(175.9)**	**(190.5)**	**(203.4)**
Gross LTV (net debt as % gross assets)	22.3%	23.8%	27.7%	26.8%	27.2%	28.0%

Source: Impact Healthcare REIT historical data, Edison Investment Research forecasts

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